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IEA Energy Requirements and Security Study

The following is a 4/28/83 cable brief from Bill Martin (NSC) in Paris on the results of the IEA Governing Board meeting:

Summary.

The April 27 meeting of the IEA Governing Board agreed to conclusions to the Energy Security Study. These conclusions, to be accepted by ministers at the IEA Ministerial meeting May 8, effectively meet our objectives expressed in NSDD-66 (i.e., to preclude the construction of a second strand of the Soviet natural gas pipeline to western Europe).

Analysis.

A key finding of the Energy Security Study was that projected gas supplies are likely to fall short of European demands in the 1990's. The gap can be met by accelerated development of indigenous (i.e.g, Norwegian) gas or by increased imports from the Soviet Union.

Another key finding in the Energy Security Study was that additional Soviet supplies of 40 billion cubic meters a year (requiring the construction of a new pipeline) would raise the proportion of Soviet gas to such a level (about 35 percent of total European gas supplies) that a 12 month disruption in Soviet supplies would mean "very damaging" cuts in gas deliveries to Austria, Belgium, France, Germany and Switzerland.

This analysis was impressive to all concerned and enabled us to urge successfully that commitments and measures be taken so that the Europeans would not put themselves in jeopardy.

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Conclusions.

The agreed conclusions include commitments:

-- To avoid undue dependence on any one source of gas imports and to ensure that no one producer can exercise monopoly power over IEA and OECD countries.

-- To obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources and to begin negotiations on Norwegian troll supplies as soon as possible.

-- To consider security factors when calculating gas costs.

-- To take measures to strengthen their ability to deal with gas disruptions.

-- To review in-depth whenever considered necessary the pattern of gas supplies, security measures, and whether imports from one source are such a proportion as to give rise to concern about indigenous OECD resource development and vulnerability of supplies, either for an individual country or collectively. Reviews will take place normally in various international organizations but can also be triggered by a request from any member country.

-- To notify other countries if major changes in energy policy or gas supply patterns are planned which are significant for vulnerability and the development of OECD resources.

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